



# Informational Guideline Release

Bureau of Local Assessment  
Informational Guideline Release (IGR) No. 17-25  
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## **FISCAL YEAR 2018 GUIDELINES** **FOR** **DETERMINING ANNUAL LEVY LIMIT INCREASE FOR TAX BASE GROWTH**

**(G. L. c. 59, § 21C(f))**

This Informational Guideline Release provides Boards of Assessors with detailed instructions for identifying and reporting growth in their community's property tax base that may be used to increase the FY2018 levy limit, as provided by Proposition 2½.

The tax base growth calculation method and report forms (Form LA-13) are submitted electronically in Gateway Online. All FY18 tax base growth is calculated using the FY18 valuation schedules. This IGR further explains the calculation of utility, wireless and telecommunication company personal property growth to account for construction work in progress (CWIP). See instructions for completing personal property new growth valuation on page 14. Amended growth reports for FY18 may also include prior year growth attributable to previously unreported or misreported taxable personal property discovered during a personal property audit and assessed during FY17 or FY18.

The LA13A "Amended Tax Base Levy Growth" report must be submitted in Gateway for tax rate approval. Communities submitting "Omitted and Revised Assessment Reports" due to new construction taxed for the first time in FY17 will also submit the LA-13A. The Omitted and Revised Assessment Report and LA13A are both located in the Tax Rate tab in Gateway. Both forms contain a "nothing to report" check box if your community has no data to report. Assessors must sign and submit both forms even if they are not reporting any data.

**New for FY18: An Excel "[New Growth and Column D Tracking](#)" template is available as a tool for assessors to provide the minimum information needed to document a community's New Growth - LA13, Column D changes and allowable annual New Growth.**

Questions should be referred to your Bureau of Local Assessment field representative.

Topical Index Key:

Proposition 2½

Distribution:

Assessors

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**FISCAL YEAR 2018 GUIDELINES**  
**FOR**  
**DETERMINING ANNUAL LEVY LIMIT INCREASE FOR TAX BASE GROWTH**

**(G. L. c. 59, § 21C(f))**

Proposition 2½ provides a city or town with annual increases in their levy limits of (1) 2.5 percent and (2) an additional amount based on the valuation of certain new construction and other allowable growth in the tax base that is not the result of property revaluation ("new growth"). These annual increases are allowed so long as they do not result in a levy limit above the levy ceiling of 2.5 percent of full and fair cash valuation. If that occurs, the levy limit equals the levy ceiling. [General Laws Chapter 59, Sections 21C\(b\) and \(f\)](#).

The Commissioner of Revenue is required to determine the annual levy limit for each city and town. In order for the Commissioner to do so, cities and town must submit information documenting allowable tax base growth prior to setting the tax rate. The Commissioner cannot approve a tax rate for any city or town that does not submit a report on its allowable tax base growth for that fiscal year. [G.L. c. 59, § 21D](#).

These guidelines explain the requirements and procedures to be used by the assessors in calculating and reporting allowable tax base growth in Fiscal Year 2018.

**I. QUALIFYING TAX BASE GROWTH**

Tax base growth under Proposition 2½ includes any parcel of real property or article of personal property that:

- is subject to taxation for the first time (*e.g.*, new articles of personal property or previously exempt property);
- is being taxed as a separate parcel for the first time (*e.g.*, subdivisions or condominium conversions); or
- has increased in assessed valuation over the prior year so long as the increase is not due to a revaluation program.

## II. DETERMINING TAX BASE GROWTH

### A. Allowable Value

The increase permitted in a community's FY18 levy limit for tax base growth is based on the allowable value for qualifying properties. The allowable value represents increases in the FY18 assessment roll attributable to changes in the taxable unit, taxable status or physical condition of properties occurring since the FY17 assessment.

The allowable value does not include any increases attributable to changes in the market value of properties in the community, nor is it reduced or offset by decreases in the community's total assessed valuation due to property changes occurring since FY17.

#### 1. Revaluation Percent Adjustment

Every year, an analysis of market conditions along with the assessment level and uniformity must be performed annually as of January 1 whether for the five-year certification or for an interim year adjustment. Therefore, a community's allowable value is determined by comparing the current assessed valuation, as adjusted by a revaluation percent, of parcels or articles with their current assessed valuations.

The purpose of adjusting the FY18 assessed valuations is to exclude those increases attributable solely to changes in market value, rather than changes in the taxable unit, taxable status or physical condition of properties.

#### 2. Revaluation Percent Definition

A revaluation percent ("Reval Percent" Column F on the LA13 Form) means any revaluation, reassessment, interim year adjustment, equalization or other valuation adjustment program, including trending, whether or not the community is scheduled for the five year certification in FY18.

This term also includes the (1) adjustment of appraisal factors, such as grade or condition, or (2) implementation of new valuation systems and methods, for all or some properties resulting in valuation changes in those properties even though they have not had a change in their taxable unit, taxable status or physical condition since the FY17 assessment.

#### 3. Adjusted Valuation

The FY18 assessed valuation, as adjusted by the revaluation percent (adjusted valuation), represents what the FY18 assessed valuations would have been for the properties if they had not had a change in their taxable unit, taxable status or physical condition since the FY17 assessment. In other words, it reflects the **FY18 valuation schedules** applied to FY17 property descriptions (*i.e.*, the property before the new construction or the change in taxable unit or status).

**B. Applicable Time Period**

To qualify as FY18 tax base growth, properties must have undergone some change in their physical condition due to construction activity or in their taxable unit or status since the FY17 assessment that results in increased assessed valuations for FY18.

1. Construction Activity: New Buildings, Additions and Alterations

All parcels with any increases in their FY18 assessed valuation over their FY17 assessed valuation due to any new buildings, additions, renovations or other new construction on the parcels occurring during the following time frame qualify as FY18 tax base growth:

- Calendar year 2016 (January 1, 2016 to December 31, 2016) for communities that have not accepted [c. 653, §40 of the Acts of 1989](#). [G.L. c. 59, §2A\(a\)](#).

[Chapter 653](#) permits the accelerated assessment of new construction and improvements built between January 1 and June 30.

- Calendar year 2016 and the first six months of 2017 (January 1, 2016 to June 30, 2017) for communities implementing [c. 653](#) for the first time in FY18.
- Fiscal year 2017 (July 1, 2016 to June 30, 2017) for all other c. 653 communities.

2. Subdivisions and Condominium Conversions

All parcels that are being assessed as a separate parcel for the first time as of January 1, 2017 for FY18, due to a lot split, subdivision or condominium conversion occurring during calendar year 2016, qualify as FY18 tax base growth if there has been a net increase in the FY18 assessed valuations of the new parcels over the FY17 assessed valuation of the undivided parcel.

3. Exempt Property Returned to Tax Roll

All parcels not wholly taxable in FY17 that are being assessed as of January 1, 2017 for FY18 because they are no longer eligible for a full or partial exemption qualify as FY18 tax base growth.

Also qualifying are parcels that are being assessed for the first time in FY18 for any increase in value that took place during the period they received a partial special tax assessment or tax increment financing (TIF) exemption.

4. Personal Property: New Articles

All articles of personal property that are being assessed for the first time as of January 1, 2017 for FY18, including accounts of all new personalty, new additions to existing accounts and previously exempt personalty, qualify as FY18 tax base growth. It also includes utility or telecommunications company property that is construction work in progress or owned but not necessarily in service (CWIP). **NOT QUALIFYING**, however, would be any personalty assessed in FY17 that is being assessed for FY18 as part of a new account because of a change in ownership alone.

5. Other Allowable Tax Base Growth

All parcels of real property or articles of personal property with any increases in their FY18 assessed valuations over their FY17 assessed valuations as a result of some other change in or event impacting the property before the FY18 assessment, **EXCEPT REVALUATION**, qualify as FY18 tax base growth.

Example No. 1. A parcel would qualify as FY18 tax base growth if its removal from [G.L. c. 61A](#) classification during calendar year 2016 results in an increase in its FY18 assessed valuation over its FY17 assessed valuation.

Example No. 2. A parcel would qualify as FY18 tax base growth if a zoning change, or the construction of public improvements (roads, sewers, etc.), during calendar year 2016 results in an increase in its FY18 assessed valuation over its FY17 valuation.

Example No. 3. A piece of machinery owned and used by an individual in conducting a business would qualify as FY18 tax base growth if it was refurbished or enhanced during calendar year 2016 resulting in an increase in its FY18 assessed valuation over its FY17 assessed valuation.

Example No. 4. A parcel of commercial property that has not had any change in its physical condition **WOULD NOT QUALIFY** as tax base growth if (a) the use of the cost approach method in FY18, rather than the income approach used in FY17, (b) the separate pricing of existing improvements (driveways, fences, etc.), or (c) the adjustment of an appraisal factor such as its grade or condition, results in an increase in its FY18 assessed valuation over its FY17 valuation.

C. Applicable Tax Rate

The usage classification of properties on January 1, 2017 for FY18 governs which prior year's tax rate is applicable.

Example. On January 1, 2016 for FY17, a parcel of vacant land was classified as commercial property. During 2016, a four-unit apartment building was constructed on the property substantially increasing its assessed valuation for FY18. Since the parcel is classified as residential property as of January 1, 2017 for FY18, the FY17 residential tax rate will be applied to the allowable value to determine the amount of the levy limit increase permitted.

**D. Calculation of Levy Limit Increase**

The amount of increase permitted in the community's FY18 levy limit for tax base growth is calculated by multiplying the allowable valuation for all qualifying parcels of real property and items of personal property by the applicable FY17 tax rate.

**III. REPORTING REQUIREMENTS AND PROCEDURES**

**A. Report Form and Content**

All Boards of Assessors must submit electronically a report on allowable tax base growth to the Bureau of Local Assessment before setting their FY18 tax rates on Form LA-13, Tax Base Levy Growth. They must also submit the LA13A "Amended Tax Base Levy Growth" in Gateway to report any omitted prior year growth or there was no omitted prior year growth.

An aggregate reporting format is used. Under this format, the total allowable valuation and levy limit increase for FY18 is calculated by making adjustments in a community's FY17 assessed valuation base and is then reported on an aggregate basis. The allowable valuation for each parcel and item that qualifies as tax base growth is not calculated and reported individually.

Detailed instructions for completing Form LA-13 are attached. Electronic submission is required using Gateway Online.

**B. Submission of Reports**

In order to prepare and submit an accurate and complete tax base growth report, the assessors must have finalized FY18 assessments.

**1. Communities Not Completing Revaluation**

Assessors in communities not revaluing property in FY18 may submit information on tax base growth at any time after they finalize their FY18 assessment roll. Assessors must submit their tax base growth report to the Bureau of Local Assessment with the Form LA-4, "Assessment/Classification Report" electronically on Gateway

2. Communities Completing Revaluation

If a community is completing a revaluation, reassessment, interim year adjustment, equalization or other valuation adjustment program in FY18 for the purpose of meeting certification requirements or otherwise, the assessors will not be able to calculate the allowable valuation until the program, including public disclosure that may result in assessment changes is completed. Once the valuations are final, the assessors may submit their tax base growth report to the Bureau of Local Assessment. The assessors must submit that report with the Form LA-4, "Assessment/Classification Report" electronically on Gateway

C. Certification of Tax Base Growth

The Bureau of Local Assessment will review the tax base growth report submitted by the assessors, certify the amount of tax base growth, if any, substantiated by the assessors and notify the Bureau of Accounts. The Bureau of Accounts will then increase the community's FY18 levy limit accordingly.

Tax base growth will not be reviewed and certified until the Form LA-4, "Assessment/Classification Report," has been submitted and approved.

D. Approval of Tax Rate

A community's FY18 tax rate will not be approved by the Bureau of Accounts until a tax base growth report is submitted to and approved by the Bureau of Local Assessment.

E. Submission Final Upon Approval of Tax Rate

Unless the assessors submit growth on the LA13A "Amended Tax Base Levy Growth Report", the amount of tax base growth certified by the Bureau of Local Assessment before the setting of the FY18 tax rate is final and the FY18 levy limit, as increased by that amount, is the base for calculating the community's levy limit in FY18.

F. Amended Tax Base Growth Report

The assessors must submit on Gateway an "Amended Tax Base Levy Growth Report" (Form LA-13A) each fiscal year to report the portion of any omitted and revised assessments (1) made in the prior fiscal year that reflects allowable tax base growth for real and personal property inadvertently omitted from the original tax base report submitted for that year and (2) made in the prior year, or the current year as of the date the report is submitted, that reflects allowable tax base growth in prior years for previously unreported or misreported taxable personal property discovered by an audit conducted under G.L. c. 59, § 31A. This report must be submitted whether or not there is amended new growth to report.



1. Report Deadline

Amended reports for a fiscal year must be submitted to the Bureau of Local Assessment before the setting of the tax rate for the next fiscal year. **Amended reports submitted after that time will not be accepted.**

2. Form and Content

Under the aggregate reporting format, all tax base growth for parcels and accounts included in the actual tax commitment for a particular fiscal year is reported. Therefore, the amended report consists of those additions to the commitment (omitted or revised assessments) that result in an increase in the year's assessed valuation (or adjusted valuation) of a parcel or personal property item over its prior year's assessed valuation. In addition, the amended report includes the portion of omitted or revised assessments made during the prior or current fiscal year that are attributable to allowable growth for taxable personal property discovered by an audit conducted under [G.L. c. 59, § 31A](#).

a. FY17 LA-13A Amended Tax Base Levy Growth Reports

An amended report for FY17 must be submitted before the setting of the FY18 tax rate and may include:

- (1) Additions to the FY17 commitment (FY17 omitted or revised assessments) that result in an increased FY17 assessed (or adjusted) valuation of a parcel or personal property item over its FY16 assessed valuation.
- (2) Omitted and revised assessments made in FY17, or in FY18 as of the date the report is submitted, for previously unreported or misreported articles of personal property assessed after an audit under [G.L. c. 59, § 31A](#) that would have qualified as tax base growth as of January 1, 2013 for FY14, January 1, 2014 for FY15, January 1, 2015 for FY16 or January 1, 2016 for FY17. **Detailed instructions for calculating and reporting this growth on the Form LA-13A are attached.**

b. FY18 LA-13A Amended Tax Base Levy Growth Report

The amended report for FY18 will be submitted on Gateway before the FY18 tax rate is set.

3. Certification of Additional Tax Base Growth

If the assessors submit an amended report, the Bureau of Local Assessment will certify the amount of any additional tax base growth and notify the Bureau of Accounts. The Bureau of Accounts will then recalculate the community's levy limit and notify the assessors of the new base for the purpose of calculating the succeeding year's levy limit.

## INSTRUCTIONS FOR COMPLETING FY18 TAX BASE GROWTH REPORT (LA-13)

The Tax Base Growth Report (Form LA-13) is designed to establish the allowable valuation for all qualifying tax base growth by calculating the increase in assessed valuation on an aggregate rather than property by property basis. Because the allowable valuation and resulting levy limit increase is based solely on increases in the current year's assessment roll, this reporting method requires the assessors to first adjust the prior year's assessed valuations so that any decreases in those valuations for the current year will not be offset against the increases. If there has been a revaluation or interim year valuation adjustment, an additional adjustment must be made to account for the portion of the current year's assessed valuation that is attributable to the revaluation. The difference between this adjusted valuation base and the current year's proposed assessed valuations will be the allowable valuation of all tax base growth.

The columns on the Form LA-13 must be verified and completed on Gateway as explained below. The documentation required to support all reported amounts is also explained. **Supporting documentation should be retained in the Assessors' Office for at least 5 years in the event of an audit.**

### DETERMINE FY2017 VALUATION BASE

#### **COLUMN A – PRIOR FY2017 LA-4 VALUE (COMMITTED TO TAX COLLECTOR)**

Verify in Column A the actual FY17 assessed valuation for real and personal property shown in the original commitment to the tax collector and the Form LA-4, "Assessment/Classification Report" used in setting the FY17 tax rate.

Documentation: The FY17 Real and Personal Tax Commitments.

#### **COLUMN B - OMITTED AND REVISED VALUES**

For FY 2018, as part of the tax rate setting, the Omitted and Revised Assessment Report for FY 17 must be submitted in Gateway. Once submitted, Column B is then auto-filled by the number of revised and omitted assessments made for real property parcels in FY17 and the amount of additional assessed valuation that resulted. *The Omitted and Revised form contains a "nothing to report" check box if your community has no data to report.* Sign and submit even if you are not reporting any data.

Documentation: A copy of the warrant and commitment is attached in the Omitted and Revised section on Gateway.

### **COLUMN C – ABATEMENT VALUES**

List in Column C only the number of abatements granted on real property parcels in FY17 and the amount of FY17 assessed valuation abated that is reflected in their FY18 assessed valuations. In other words, the number and value of abatements granted for reasons that continue to apply in FY18.

**Example No. 1.** A parcel was originally assessed for \$400,000 in FY17. An abatement of \$50,000 was granted to correct an error in the square footage. Therefore, the final FY17 assessed valuation of the parcel was \$350,000. No changes occurred in the property during 2016 so that the FY18 assessed valuation remained \$350,000. Because the \$50,000 abatement is reflected in the FY18 valuation, it should be included in Column C.

**Example No. 2.** A parcel was originally assessed for \$100,000 in FY17. An abatement of \$25,000 was granted because the house was 75%, not 100% complete as assessed. The house was completed during 2016 so that the FY18 assessed valuation will now be \$100,000. In this case, the reason the abatement was granted does not apply to the property in FY18 so that none of the \$25,000 valuation decrease associated with it is reflected in the FY18 assessed valuation. Therefore, this abatement is not included in Column C.

Documentation: Abatement Certificate Book (if the property use classification is noted on the certificates) or a parcel listing by property class (as shown on the Form LA-13) of all FY17 abatements indicating those reflected in FY18 assessed valuations and reported in Column C.

### **COLUMN D - OTHER ADJUSTMENT VALUES**

List in Column D the number and amount of other non-revaluation adjustments made to the FY17 real property assessed valuation base. Adjustments to be reported in Column D include parcels that have had decreases in total assessed value due to property changes or have had major property use classification changes.

- If your FY18 analysis indicates no valuation table adjustments were needed, the amounts reported in Column D as adjustments for property or class changes will be the difference between the FY17 and FY18 total assessed valuations of the parcel.
- If FY18 is a revaluation year or interim adjustments are made, **all amounts reported in Column D should be determined before any valuation table adjustments.** This means the amount listed should be the difference between the FY17 assessed valuation and what the parcel would have been assessed for in FY18 if the revaluation or interim adjustment had not occurred (*i.e.*, **using FY17 valuation schedules**).

### PROPERTY CHANGES

List the number of parcels that have had total assessed valuation decreases for FY18 due to changes in their taxable unit, taxable status or physical condition since FY17, and the amount of those decreases. Examples would include parcels that decreased in value because of:

- a physical change such as a fire or demolition.
- a change to full or partial tax exempt status.
- the merger of two or more parcels into a single parcel with a net decrease in their assessed valuation.
- the qualification for [G.L. c. 61](#), [61A](#) or [61B](#) or a restrictive easement.
- the applicability of a zoning change with a decrease in value.

Please Note: For subdivisions and condominium conversions, do not include in Column D any parcel that has been deleted or has decreased in value as a result of the change in taxable unit.

### CLASS CHANGES

List the number of parcels with changes in major usage classification for FY18 (for example, from residential to commercial class) and the amount of the change in the assessed valuation base of those classes. To allow for clarity and verification, changes in usage within a major class (for example, from residential 130 to residential 101) should also be listed, particularly if different revaluation adjustments have been used within the major class.

- Increases/No Change in Value: If the FY18 assessed valuation of the parcel with the class change increased or remained the same as its FY17 valuation (before any revaluation adjustment), subtract the FY17 valuation from the FY17 class base and add the same amount to the FY18 class base.

#### **Example No. 1. NO VALUATION TABLE ADJUSTMENTS**

For FY17 a parcel of commercial vacant land was assessed for \$50,000. A single family house was then constructed on the land. In FY18, the property was classified as residential property and will be assessed for \$200,000. This class change should be reported in Column D as a \$50,000 decrease in the value of the commercial class and a \$50,000 increase in the value of the residential (101) class. This will equalize the valuation base and ensure that the \$150,000 increase in value due to the new house will be included in the proper class for computing the levy limit increase.

**Example No. 2. VALUATION TABLE ADJUSTMENT YEAR**

For FY17, a commercial parcel was assessed for \$150,000. For FY18, it was converted to an industrial warehouse and will be assessed, after revaluation, for \$140,000. However, if no interim year adjustment in value had been made, the parcel would have continued to be valued at \$150,000. The class change should be reported in Column D as a \$150,000 decrease in value of the commercial class and an increase of the same amount in the industrial class.

- **Decrease in Value:** If the FY18 valuation of the parcel with the class change decreased from its FY17 value (before any revaluation adjustment), subtract the FY17 valuation from the FY17 class base and add the FY17 valuation, or the FY17 value before any revaluation adjustment, to the FY18 class base.

**Example No. 1. NO VALUATION TABLE ADJUSTMENTS**

For FY17 a parcel of residential vacant land was assessed for \$70,000. The property qualified for [G.L. c. 61A](#) classification and will be assessed for \$25,000 in FY18. This change should be reported in Column D as a \$70,000 decrease in the value of the residential (130) class and a \$25,000 increase in the value of the commercial class (or open space class if the community has adopted the local option to classify [G.L. c. 61A](#) land as open space). This will equalize the valuation base and ensure that the \$45,000 decrease in value due to the chapter land assessment does not offset increases in the FY18 valuation of other commercial (or open space) properties.

**Example No. 2. VALUATION TABLE ADJUSTMENT YEAR**

For FY17, a parcel of commercial land was assessed for \$300,000. For FY18, the land has been reclassified as industrial and valued at \$150,000. If an interim year valuation adjustment had not been made, the parcel would have been valued at \$200,000. The class change should be reported in Column D as a \$300,000 decrease in the commercial class and a \$200,000 increase in the industrial class.

These adjustments of the FY17 assessed valuation base will ensure that any increases in the value of parcels with class changes will be reported as tax base growth and that the proper tax rate is applied to calculate the resulting levy limit.

**Documentation:** A parcel listing by property class of each adjustment reported in Column D, including the amount of and reason for the adjustment. An Excel “[New Growth and Column D Tracking](#)” template is available as a tool for assessors to provide the minimum information needed to document Column D changes.

**COLUMN E - ADJUSTED VALUE BASE**

Gateway is programmed to determine the **FY17 Adjusted Value Base** by adding the **Bills Revised and Omitted** in Column B to the **FY17 Value Committed to Tax Collector** in Column A, subtracting the **Abatements** in Column C and adding or subtracting the **Other Adjustments** in Column D. (Column E = A + B - C ± D)

## DETERMINE REVALUATION ADJUSTMENT

### **COLUMN F - REVALUATION ADJUSTED VALUES**

Gateway is programed to calculate the valuation adjustment or “Reval Percent” required in Column F to exclude from growth calculations any changes in FY18 assessed valuations due to a revaluation, reassessment, equalization or other valuation adjustment program. Assessors should review the final determination once figures in all columns are verified. If the results are not within expected range, they should review for items missed, such as in Column D or one time abatements reported in Column C.

### **COLUMN G - TOTAL ADJUSTED VALUE BASE**

Gateway is programed to: Add the dollar amount of the **Revaluation/Interim Year Adjustment** in Column F to the **FY17 Value Base** in Column E if the revaluation/adjustment reflected an increase in assessed valuations. (Column G = E + F)

OR

Or subtract the dollar amount of the **Revaluation/Interim Year Adjustment** in Column F from the **FY17 Value Base** in Column E if the revaluation/adjustment reflected a decrease in assessed valuations. (Column G = E - F)

If there has been no revaluation adjustment, the **Total Adjusted Value Base** will be the same as the **FY17 Value Base** in Column E.

## DETERMINE FISCAL YEAR 2018 VALUATION

### **COLUMN H - FY18 PROPOSED VALUATION**

Column H is the proposed FY18 assessed valuations for all real and personal property. The valuations used must be the valuations reported for the purpose of calculating the FY18 minimum residential factor and tax rate as shown on the "Assessment/Classification Report" (Form LA-4). The LA4 must be entered on Gateway for this column to be viewed.

Documentation: The "Assessment/Classification Report" (Form LA-4) and the FY18 Real and Personal Property Commitments.

## **DETERMINE ALLOWABLE VALUATION AND LEVY LIMIT INCREASE**

### **COLUMN I - NEW GROWTH VALUATION**

Enter the allowable valuation increase for real and personal property as follows:

- **Real Property**

Enter the allowable valuation increase for each major class (Residential, Open Space, Commercial and Industrial) in Column I.

- **Personal Property**

Determine the allowable valuation increase for Personal Property by adding the FY18 proposed assessed valuations of all new or refurbished items.

CWIP: For locally valued utility, wireless and other telecommunications company property, the allowable valuation is the difference between the valuation of all new personal property items placed in service by the company for FY18 and the valuation of the company's CWIP in FY17. If the FY17 CWIP is higher than the FY18 valuation of all new personal property items, then the allowable valuation is "0." This will ensure that the new growth taken in FY17 for CWIP is not also taken as growth in FY18. The allowable valuation for new personal property items of a centrally valued telephone company is the amount issued by the Bureau of Local Assessment, which is calculated in the same manner.

Documentation: A listing by account of new or refurbished items and their assessed valuations. If the allowable valuation for the account is greater than the difference between the FY17 and FY18 assessed valuations, all new items, including inventory, must be listed in detail.

### **COLUMN J - PRIOR YEAR TAX RATE**

Gateway will list in Column J the FY17 tax rate or rates.

### **COLUMN K - LEVY GROWTH**

Gateway will calculate the increase in the FY18 levy limit for tax base growth by dividing the **New Growth Valuation** in Column I by 1000 and multiplying the result by the appropriate FY17 **Tax Rate** in Column J. (Column K =  $I \div 1000 \times J$ ).

**INSTRUCTIONS FOR REPORTING TAX BASE GROWTH  
FOR  
AUDITED PERSONAL PROPERTY ACCOUNTS  
ON  
FY17 AMENDED TAX BASE GROWTH REPORTS (LA-13A)**

Assessors who conduct audits of personal property accounts and discover unreported or misreported items of personal property may make omitted or revised assessments within three years and six months of the date the form of list for properly reporting the property was due or actually filed, whichever is later. Therefore, omitted or revised assessments may have been made in FY17 or FY18 for previously unreported or misreported articles of personal property assessed after an audit that would have qualified as tax base growth as of January 1, 2013 for FY14, January 1, 2014 for FY15, January 1, 2015 for FY16 or January 1, 2016 for FY17. **If so, that growth must be reported on the FY17 Amended Tax Base Levy Growth Report (Form LA-13A).**

**Required FY Deadlines for Audit Omitted/Revised Assessments**

<b>FY</b>	<b>Assessment Date</b>	<b>Form of List Due Date</b>	<b>Audit Omitted/Revised Deadline*</b>
FY14	1/1/2013	3/1/2013	9/1/2016 (In FY17)
FY15	1/1/2014	3/1/2014	9/1/2017 (In FY18)
FY16	1/1/2015	3/1/2015	9/1/2018 (In FY18)
FY17	1/1/2016	3/1/2016	9/1/2018 (In FY19)

*\*If taxpayer was granted extension to file form of list, deadline to make omitted or revised assessments is 3 years and 6 months from the date the list was filed.*

The Audited **Personal Property** line of the **LA-13A** is used to report the growth. The amount entered in the **LA13A Personal Property Line** is determined and reported as explained below. **Supporting documentation should be retained in the Assessors' Office for at least 5 years in the event of an audit.**

**STEP 1 – COMPLETE SUPPORTING SPREADSHEET**

The assessors must complete a spreadsheet, the [Audited Personal Property Account Worksheet for Amended Levy Growth](#), which is in the format below, to document the amount added in the **Personal Property** line for audited accounts. When submitting the Form LA-13A through the Gateway Online Program, note in the comment section that personal property includes growth for audited accounts and e-mail the spreadsheet to the Bureau of Local Assessment: [bladata@dor.state.ma.us](mailto:bladata@dor.state.ma.us).



Audited Personal Property Account Worksheet for Amended Levy Growth

Community Name: \_\_\_\_\_

A	B	C	D	E	F (F = C/1000 x D x E)
FY	Assessed Value	Portion Unassessed (Growth Assessed Value)	Personal Property Tax Rate (Use prior FY Tax Rate)	Prop. 2½ Levy Limit Adjustment	Levy Growth
2014				1.076891	
2015				1.050625	
2016				1.025000	
2017				1.000000	
<b>TOTAL</b>					

**STEP 2 - DETERMINE AND REPORT LEVY GROWTH FOR ALLOWABLE YEARS**

**Column A. Fiscal Year** – List the fiscal years included in the personal property audit, beginning with the earliest fiscal year.

**Column B: Assessed Valuation** – Include the amount of additional assessed valuation for the fiscal year included in omitted and revised assessments made in FY17 for audited accounts.

**Column C: Portion Unassessed (Growth Assessed Value)** – Include only that amount of the additional assessed valuation for the fiscal year not already assessed in an original or omitted or revised commitment for FY17 or before, including a year shown in the spreadsheet.

**Column D: Personal Property Tax Rate** – Insert the personal property tax rate for the fiscal year prior to the fiscal year the assessed valuation qualified as growth.

**Example.** An existing personal property account was audited for FY16 and FY17. Based on the results, revised assessments were made during FY17 for both years.

During the audit, the assessors discovered 10 articles of taxable personal property owned by the taxpayer as of January 1, 2015 that had not been reported on the form of list and assessed for FY16. The 10 articles had a total assessed valuation as of January 1, 2015 of \$100,000. Report the \$100,000 under Column B for FY16. However, only 9 of the discovered articles would have qualified as growth in FY16 as articles taxed for the first time as of January 1, 2015 because 1 article had been acquired during 2013 and assessed as of January 1, 2014 for FY15. The total assessed valuation of the 9 articles as of January 1, 2015 is \$90,000. Report the \$90,000 in allowable growth value under Column C for FY16.

The audit also shows that the same 10 articles not taxed in FY16, and 5 new articles acquired during 2015, were not reported on the form of list and assessed for FY17. The 15 articles had a total assessed valuation as of January 1, 2016 of \$125,000, with \$50,000 of that amount attributable to the 5 new articles. The \$125,000 is reported under Column B for FY17. Only the 5 articles acquired during 2015 would have qualified as growth in FY17. Report the \$50,000 in allowable growth value for those 5 articles under Column C for FY17. The assessed valuation of the other 10 articles was already reported as growth in the FY15 original commitment (1 article) or the FY16 revised commitment made after the audit (9 articles).

The FY15 tax rate is \$15.00, the FY16 rate is \$16.50 and the FY17 tax rate is \$17.00

A	B	C	D	E	F (F = C/1000 x D x E)
FY	Assessed Value	Portion Unassessed (Growth Assessed Value)	Personal Property Tax Rate (Use prior FY Tax Rate)	Prop. 2½ Levy Limit Adjustment	Levy Growth
2014	0			1.076891	
2015	0			1.050625	
2016	\$100,000	\$90,000	(FY15) \$ 15.00	1.025000	\$1383.75
2017	\$125,000	\$50,000	(FY16) \$ 16.50	1.000000	\$825.00
<b>TOTAL</b>					\$2208.75

Documentation: Audit records listing the unreported or misreported items and their assessed valuations and all FY17 and FY18 Omitted and Revised Assessment Commitments for the items.

### **STEP 3 - DETERMINE TOTAL LEVY GROWTH**

Add the allowable levy growth for FY14, FY15, FY16 and FY17 and convert the total into a “valuation.”

1. Divide Total FY14-FY17 Levy Growth by FY16 Personal Property Tax Rate: \_\_\_\_\_
2. Multiply result by 1000: \_\_\_\_\_
3. Round to nearest dollar: \_\_\_\_\_

#### **Example.**

1.  $2208.75/16.50 = 133.863$
2.  $133.863 \times 1000 = \$133,863$
3. Rounded: \$ 133,863

### **STEP 4 - REPORT TOTAL LEVY GROWTH**

Enter the “valuation” in Columns B and C of the LA-13A Form Audited **Personal Property** Line.